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To: Chief Financial Officers

From: Rodney M. Spangler, Chief, Audit & Compliance

Date: May 13, 2010

Re: Restatement of FY 2009 Schedule RE

In order to fulfill the Commission's statutory mandate that it make public the financial condition of Maryland Hospitals, industry representatives met with HSCRC staff to develop a more complete detailing of certain aspects of hospital financial performance.

Existing Schedule RE instructions (attached), Section 500 Page 144, require detail for lines L Other Operating Revenues, Line R Other Expenses, Line U Non-Operating Revenue, and Line V Non-Operating Expenses.

The Commission staff along with the MHA's Technical Issues Task Force, has developed the attached Supplemental schedule to collect additional detail of non-operating revenue and expenses in a standard format. In addition, we are adding Line H2 – Denials - to schedule RE to follow the Unaudited FSA schedule you are filing on a monthly basis.

Please restate your Fiscal Year 2009 Schedule RE with the denials broken out on line H2 from the Contractual Allowances reported on line H, and provide the detail of lines U and V on the supplement as well as the Other Significant Financial Information lines CC through HH by June 11, 2010. Please download the excel file from our website www.hscrc.state.md.us and email the completed schedule to Andrea Strong at astrong@hscrc.state.md.us. Please direct any comments/questions to me at rspangler@hscrc.state.md.us.

SCHEDULE RE - STATEMENT OF REVENUES AND EXPENSES

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Overview

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Schedule RE is provided to enable each hospital to report a statement of revenues and expenses in a uniform format.

Supplemental Schedule RE-R must be submitted reconciling Schedule RE to the hospital's audited revenue and expense statement.

Definitions:

Other Operating Revenue and Expenses - Includes services provided to patients other than health care services, as well as sales and services to non-patients (Auxiliary Enterprises - E Schedules and Research Education - Nursing, Other Health Profession and Community Health (Other Institutional Programs - F Schedules)).

Non-Operating Revenue and Expense - Includes donations, investment income, other non-operating gains, plus revenue and expenses resulting from hospital's peripheral or incidental transactions and from other events stemming from the environment that may be largely beyond the hospital management's control.

Submit detailed listings for Other Operating Revenues, Line L. Non-Operating Revenues. Line U, Other Expenses, Line R and Non-Operating Expenses, Line V.

Round all entries on lines A through W to 1 decimal place (the nearest hundred).

Round the calculations on lines X and Y to 5 decimal places.

Round the calculation on line Z to 2 decimal places.

Detailed Instructions

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Heading SectionInstitution Name Line

Enter on this line the complete name of the reporting hospital.

Line H - Contractual AdjustmentsColumn 1

Enter on this line, in the Regulated Column, the Contractual Adjustments associated with regulated base year patient services.

Column 2

Enter on this line, in the Unregulated Column, the Contractual Adjustments associated with unregulated base year patient services.

Column 3

Enter on this line, in the Total Column, the sum of the entries in Columns 1 and 2.

Line H 1 - Uncompensated Care Fund PaymentsColumn 1

Enter on this line, in the Regulated Column, the payments made to the HSCRC Uncompensated Care Fund in the base year.

Column 3

Enter on this line, in the Total Column, the entry in Column 1.

LINE H 2 – DenialsColumn 1

Enter on this line, in the regulated column, denials written off from the hospital's revenue. Denials are defined as the difference between the amounts billed by the hospital in conformance with HSCRC approved charges and the portion of the patient bill denied payment by third party payers for administrative or medical necessity reasons, sections 100.58 and 200.056.

Column 2

Enter on this line, in the unregulated column denials written off from the hospital's revenue. Denials are defined as the difference between the amounts billed by the hospital in conformance with HSCRC approved charges and the portion of the patient bill denied payment by third party payers for administrative or medical necessity reasons, sections 100.58 and 200.056.

Column 3

Enter on this line, in the total column, the sum of the entries in columns 1 and 2.

RE Schedule - Supplemental Financial Information

Overview

Existing instructions Section 500 Page 144 require detail for lines L Other Operating Revenues, Line U Non-Operating Revenue, Line R Other Expenses, Line U Non-Operating Revenues, and Line V Non-Operating Expenses.

To collect additional detail of non-operating revenue and expenses the format of the detail is as follows:

RE Line T – Enter on this line, Excess (Deficit) Operating Revenue over Operating Expenses, the amount from RE schedule line T column 3.

Line U1 – Enter on this line, Contributions (Unrestricted), – All unrestricted contributions including contributions previously restricted where the restriction was met.

Line U2 – Enter on this line, Interest and Investment Income, – dividends and interest, excluding investment income on temporarily and permanently restricted investments.

Line U3 – Enter on this line, Investment Gains/Losses Realized, – realized gains or losses on sale of investments, excluding realized gains or losses on temporarily and permanently restricted investments

Line U4 – Enter on this line, Investment Gains/Losses Unrealized, – unrealized gains on securities held in a trading portfolio, excluding unrealized gains or losses on temporarily and permanently restricted investments.

Line U5 – Enter on this line, Swap Agreements Gains/Losses Realized, – all settlement payments received or made in relation to non-qualifying swap agreements (non-qualifying for hedging for accounting treatment purposes) as well as change in fair market value of non-qualifying swap agreements.

Line V - Other (Specify)

RE Line W – Enter on this line the result of adding lines T, Excess (Deficit) Operating Revenue over Operating Expenses, U1, Contributions (Unrestricted), U2, Interest and Investment Income, U3, Investment Gains/Losses Realized, U4, Investment Gains/Losses Unrealized, U5, Swap Agreements Gains/Losses Realized, and V, Other.

Line CC – Enter on this line, Swap Agreements Gains/ (Losses) Unrealized, – all adjustments related to the fair market value of a qualifying swap agreement (qualifying for hedging for accounting treatment purposes).

Line DD – Enter on this line, Collateral Received/ (Posted) – Swap Agreements, ? (Don't think this one is necessary as collateral posted related to a swap agreement is not an income statement event)

Line EE – Enter on this line, Retirement of Debt – Gains/(Losses), – all gains or losses related to the retirement, refinancing, or early extinguishment of debt including write-offs of deferred financing costs and prepayment of interest costs on funds placed in escrow.

Line FF - Enter on this line, Pension Adjustments – Defined Benefit Plans, – the change in the funded status of pension and other post retirement plans.

Line GG – Enter on this line, Other (Specify), Examples could include: contributions of capital, changes in fair value of investments for available for sale portfolio, etc.

Line HH Total – Enter on this line the result of adding lines CC, Swap Agreements Gains/(Losses) Unrealized, line DD Collateral Received/(Posted), line EE Retirement of Debt – Gains/(Losses), line FF Pension Adjustments – Defined Benefit Plans, and line GG Other (Specify)

STATEMENT OF REVENUE AND EXPENSES

RE

INSTITUTION NAME _____

BASE YEAR _____

INSTITUTION NUMBER _____

BUDGET YEAR _____

	OPERATING REVENUES	COLUMN 1 REGULATED	COLUMN 2 UNREGULATED	COLUMN 3 TOTAL	
A	GROSS REV FROM DAILY HOSP SERVICES				A
B	GROSS REV FROM AMBULATORY SERVICES				B
C	GROSS REV FROM I/P ANCILLARY SERVICES				C
D	GROSS REV FROM O/P ANCILLARY SERVICES				D
E	GROSS PATIENT REVENUES				E

DEDUCTIONS FROM REVENUES

F	PROVISION FOR BAD DEBTS				F
G	CHARITY/UNCOMPENSATED CARE				G
H	CONTRACTUAL ADJUSTMENTS				H
H1	UNCOMPENSATED CARE FUND PAYMENTS				H1
H2	DENIALS				H2
I	OTHER DEDUCTIONS FROM REVENUES				I
J	TOTAL DEDUCTIONS FROM REVENUES				J
J1	UNCOMPENSATED CARE FUND RECEIPTS				J1
K	NET PATIENT REVENUES				K
L	OTHER OPERATING REVENUES				L
M	NET OPERATING REVENUES				M

OPERATING EXPENSES

N	SALARIES, WAGES AND EMPLOYEE BENEFITS				N
O	PROFESSIONAL FEES				O
P	SUPPLIES				P
Q	DEPRECIATION/AMORT., LEASES/RENTALS				Q
R	OTHER EXPENSES				R
S	TOTAL OPERATING EXPENSES				S
T	EXCESS (DEFICIT) OPR. REV. OVER OPR. EXP.				T
U	NON-OPR. REVENUES	XXXXXX			U
V	NON-OPR. EXPENSES	XXXXXX			V
W	EXCESS (DEFICIT) REVENUES OVER EXPENSES				W
X	OPERATING EXPENSES PER EIPD		XXXXXX	XXXXXX	X
Y	OPERATING EXPENSES PER EIPA		XXXXXX	XXXXXX	Y
Z	WORKING CAPITAL RATIO=CURRENT ASSETS/CURRENT LIABILITIES		XXXXXX	XXXXXX	Z

AA	ADMISSIONS				AA
BB	EIPA's				BB

Supplement to FS and RE Schedules to Disclose Non-Operating Revenue and Expense**Income Statement**

RE Line T	Excess (Deficit) Operating Rev. over Operating Expenses	XXXXX	
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RE Line U Detailed Non-Operating:- Income/(Expense)			
U1	Contributions (Unrestricted)		XXXXX
U2	Interest & Investment Income		XXXXX
U3	Investment - Gains/Losses - Realized		XXXXX
U4	Investment - Gains/Losses - Unrealized		XXXXX
U5	Swap Agreements - Gains/(losses) - Realized		XXXXX
V	Other (Specify)		XXXXX
RE Line W Excess Profit/(Loss)		XXXXX	0

Supplemental Schedule - FS and RE Schedules**Other Significant Financial Information**

CC	Swap Agreements - Gains/(Losses) - Unrealized		XXXXX
DD	Collateral Received/(Posted) - Swap Agreements		XXXXX
EE	Retirement of Debt - Gains/(Losses)		XXXXX
FF	Pension Adjustments - Defined Benefit Plans		XXXXX
GG	Other (Specify)		XXXXX
HH	Total	XXXXX	0